



March 26, 2007

Re: Draft of Proposed Changes to NIGC Regulations

Dear Tribal Leader:

In the years since the original National Indian Gaming Commission (NIGC) regulations were adopted, the Indian gaming industry has dramatically grown and matured, as has the Commission. During this period, a number of areas in the NIGC regulations have become obsolete or dated. To address this, the Commission has drafted amendments for those provisions, with the intent to publish as proposed regulations in the Federal Register.

The aim of these revisions is to simplify and clarify specific areas of the NIGC regulations. These proposals cover a wide range of topics and, for the most part, can be characterized as technical changes or "housekeeping" measures. In keeping with our commitment to government-to-government consultation, we are seeking tribal comments on these issues. If the Commission eventually chooses to go forward with these proposals, as drafted or as refined based on tribal input and further study, there will be opportunity for further comment.

Enclosed herewith are seventeen individual proposals. Generally, the draft revisions:

- Reduce the requirement to submit fees and reports to twice a year (March 1st and August 1st) from four times a year, simplify the calculation for the deduction for amortization, and clarify the due date by stating the date the NIGC must receive the payments and reports.
- Allow a tribe and tribal gaming commission to request a CPA perform a reduced scope audit for:
 - "Consolidated" financial statements when a tribe's has multiple locations/operations. Consolidating schedules must contain separate financial statements for each location.
 - A CPA "review" of the financial statements, including consolidated financial statements for operations with less than \$1 million in assessable gross revenues.
- Clarify the financial audit due date by stating the date the NIGC must receive the reports, and require audited financial statements prior to year end if an operation is closed for more than 45 days, and address the need for a "stub-period" (less than one year) audit.

- Clarify the regulatory definition of Net Revenue for consistency with current industry standards so that all operating expenses including non-operating and capital expenses are deducted from Gross Gaming Revenue when calculating Net Revenue.
- Clarify the “person with a financial interest or management responsibility” definition and clarifies requirements and filings for public vs. private corporations.
- For management contracts, remove the references to “Secretarial approved management contracts” and remove the “Class II” from reference to NIGC fees.
- For management contracts, add a requirement to submit a legal description of gaming site and remove references to contracts previously approved by the Secretary.
- For management contracts, add a requirement that a current list of the management contractor’s individuals and entities be submitted with a request to approve a contract modification.
- For management contracts clarify what individuals must be included in a list for “any other entity” other than trust, partnership, or corporation; increase the amount of deposit for background investigations to \$25,000 from \$10,000 for the contractor (paid by management contractor); and increase the amount of deposit for background investigations to \$10,000 from \$5,000 for each additional individual and entity (also paid by management contractor).
- Clarify that the license application regulations deal solely with applications for licensure and not employment.

Enclosed are copies of the latest working drafts of the regulations. In accordance with the Commission’s government-to-government consultation policy, we are soliciting your comments for ways that the draft regulations might be improved.

Please submit your comments by May 15, 2007.

Comments should be addressed to:

Proposed Changes to NIGC Regulations
Attention: Penny Coleman, Acting General Counsel
National Indian Gaming Commission
1441 L Street NW, Suite 9100
Washington, DC 20005

Sincerely,



Philip N. Hogen
Chairman

Enclosures